

MONTGOMERY COUNTY

2005 SESSION - PROGRESS ON PRIORITIES

- **Fiscal Responsibility**

Montgomery County will receive about \$415 million in direct State aid for fiscal 2006. This number represents a \$46 million increase over last year's allocation. However, it is less than the amount the County would have received under State statutes and other authorizations in place in 2004. The State capital budget includes \$30.4 million for public school construction, a threefold increase over last year's allocation. It also includes slightly over \$9 million for local community and economic development projects and nearly \$57 million for higher education institutions located in the County. See Exhibits 1, 2, and 3 for more information on State aid and the capital program.

- **K-12 Education**

The Montgomery County Public School System (MCPS) will receive \$307 million in State aid in fiscal 2006, an 11.3% increase over fiscal 2005. Unfortunately, this funding amount does not include \$12.1 million that MCPS would have received if the Geographic Cost of Education Index (GCEI) had been implemented as authorized under current law. On the positive side, the General Assembly passed legislation that modifies the State/local cost share for the Regional Institute for Children and Adolescents (RICA) so that State aid will increase by approximately \$350,000 beginning in fiscal 2007. The General Assembly also expressed its discontent with the current level of State aid for adult education services by passing legislation that requires the Governor to include an appropriation in the fiscal 2007 and 2008 State budgets equal to an increase of \$1.5 million over the fiscal 2005 appropriation of \$2.4 million. This legislation also requires the Maryland State Department of Education to establish an ongoing method of funding adult education and literacy services so that the waiting list for these services is reduced to the greatest extent possible.

- **Higher Education**

Cade Formula funding for aid to community colleges was fully restored to the level required by statute. Montgomery College received \$4.4 million for capital expenses associated with the Takoma Park and Rockville campuses. Public and private four-year institutions also saw substantial increases in funding. The Universities at Shady Grove received \$50 million for design and construction of a third classroom building. The Center for Advanced Research in Biotechnology (CARB) received \$2.5 million to equip its new research facility at Shady Grove.

- **Transportation**

The General Assembly agreed upon a financing plan to fund the Intercounty Connector, which was made part of Montgomery County's Master Plan forty-one years ago. It will include cash from State General Funds and the Transportation Trust Fund. The majority of the funds will be generated from issuing GARVEE bonds (\$750 million) and other revenue bonds backed by tolls (\$1.2 billion). Overall, the plan will save slightly over \$200 million in debt service relative to the plan initially proposed.

- **Economic Development**

Legislation passed that reinstated the Research and Development Tax Credit program and enacted The Biotechnology Investment Incentive Act, both of which help attract and retain high technology businesses in Maryland. One million dollars was allocated for an incubator on the campus of Montgomery College in Germantown. The City of Rockville received \$1.5 million for its Town Center redevelopment.

- **Environment**

The General Assembly took several important steps to strengthen the State's commitment to its land preservation goals. The State budget includes \$121 million for State and local land preservation programs, including Program Open Space, Rural Legacy, and the Maryland Agricultural Land Preservation Program. Montgomery County will receive \$8.1 million for its local Program Open Space program. The General Assembly passed legislation that: (1) places new restrictions on the process used to evaluate and dispose of State-owned public lands; and (2) authorizes repayment of State transfer tax revenues diverted to the State General Fund after fiscal 2005. The General Assembly also passed a constitutional amendment that prohibits the sale or transfer of State-owned public lands without the express approval of the General Assembly. The General Assembly was less sympathetic to legislation that would have established more stringent limits on power plant emissions. Two bills that would have placed new restrictions on emissions of nitrogen oxide, sulfur dioxide, mercury, and carbon dioxide failed.

- **Health and Human Services**

Legislation passed to establish a freestanding medical facility project in upper Montgomery County. The bill responds to the overcrowding of the Emergency Room at Shady Grove Hospital which serves the entire I-270 corridor from the central part of the county up through southern Frederick County. Under the Fair Share Health Care Act, employers with more than 10,000 employees are given an incentive to provide better health care coverage to their workers. Other legislation will also improve the financing and availability of health insurance for low income Marylanders. The legislature once again rejected a proposal to change the distribution formula for the Federal Older Americans Act that would have penalized counties with large and growing senior populations. The legislature reworked the State's prescription drug programs in light of

the new Federal Medicare prescription benefit. The Federal program contains fees and copays that are difficult for low income seniors to afford. The Senior Prescription Drug Program was renamed and redesigned to supplement Medicare beneficiaries who will have trouble paying for the Federal program. The Pharmacy Discount Program was expanded to include those who earn less than 200% of the federal poverty guidelines. The Purchase of Child Care Program funding will increase by \$12 million to \$103 million in fiscal 2006. The legislature showed its dissatisfaction with recent transfers of funds out of the program and protected the appropriation from future transfers.

- **Public Safety**

Participation in gang activity was restricted through passage of legislation that defined criminal gangs. Threatening to use physical violence to coerce participation in a gang is a misdemeanor crime with monetary penalties and possible incarceration. Legislation passed that aligns Maryland driver licensing laws with best safety practices for young drivers. These include restricting the use of cell phones except for 9-1-1 calls, prohibiting minor passengers, extending the time period for holding learner's permits and obtaining provisional licenses, extending the time period for provisional licensees with violations to be eligible for a driver's license, and requiring extra practice driving time. Montgomery County's local speed camera legislation was passed. The Montgomery County Detention Center Reuse Project received \$5.2 million for construction.

- **Arts and Culture**

Arts and Entertainment Tax Credits were expanded to include artists who own or rent real property in a county where an arts and entertainment zone is located. Strathmore Hall received \$750,000 toward a part of the State's indebtedness on the project. Several local projects devoted to the arts were funded, including Adventure Theatre, Imagination Stage, Olney Theatre, the Old Blair Auditorium, and the Rockville Arts Place.

EXHIBIT 1

Montgomery County Direct State Operating Aid Funding Comparison Fiscal Years 2005 and 2006

<u>CATEGORY OF AID</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>DIFFERENCE FY 06 vs. FY 05</u>	<u>% Inc.</u>
Education	275,551,760	306,811,212	31,259,452	11.3%
Libraries	2,217,600	2,205,314	-12,286	-0.6%
Community College	29,005,464	30,241,908	1,236,444	4.3%
Health	4,921,478	4,993,843	72,365	1.5%
Public Safety	15,819,313	16,065,739	246,426	1.6%
Transportation	35,714,419	43,522,117	7,807,698	21.9%
Program Open Space	2,717,623	8,111,644	5,394,021	198.5%
Utility Property Tax Grant	<u>2,765,553</u>	<u>2,765,553</u>	<u>0</u>	<u>0.0%</u>
<u>DIRECT AID TOTAL</u>	368,713,210	414,717,330	46,004,120	12.5%

Note: The Fiscal 2005 column does not include a one-time refund of local incomes taxes totalling \$20.9 million

Exhibit 2

STATE OPERATING BUDGET REDUCTIONS FISCAL 2006 IMPACTS ON MONTGOMERY COUNTY

<u>PROGRAM REDUCTIONS</u>		FY 06 <u>Final</u>
K-12 Education		
Extended Elementary Education		-158,000
Nonpublic Special Education		-611,000
Geographic Cost of Education Index		<u>-12,100,000</u>
K-12 Education Subtotal		-12,869,000
Other		
RICA - Rockville (grant piece)		-250,000
Highway User Formula		-2,579,000
Program Open Space		<u>-6,130,000</u>
Other Subtotal		-8,959,000
TOTAL STATE AID REDUCTIONS		-21,828,000

Note: this table does not reflect health and human services funding reductions that will impact Montgomery County, including the elimination of the non-emergency care State-only Medicaid program for legal immigrants

EXHIBIT 3

MONTGOMERY COUNTY - FISCAL YEAR 2006 CAPITAL PROJECTS

Public School Construction		30,431,000
Benjamin Banneker Middle School	423,000	
John T. Baker Middle School	812,000	
Kensington/Parkwood Elementary School	2,332,000	
Richard Montgomery High School	3,900,000	
Somerset Elementary School	1,043,000	
unspecified additional projects	21,921,000	
Higher Education		56,950,000
Montgomery College, Rockville Campus	1,745,000	
Montgomery College, Takoma Park Campus	2,640,000	
Universities at Shady Grove	50,065,000	
UMBI - Center for Advanced Research & Biotechnology (CARB)	2,500,000	
Local Projects		9,335,000
Adventist HealthCare, Potomac Ridge	400,000	
Adventure Theatre	400,000	
Aunt Hattie's Place	550,000	
Barnesville Town Hall	85,000	
Camp Brighton Woods	75,000	
Canal Boat at Great Falls Tavern	200,000	
Easter Seals Inter-Generational Center	400,000	
Germantown Life Sciences Incubator	1,000,000	
Historic Takoma	50,000	
Imagination Stage	275,000	
MacDonald Knolls Center	350,000	
Mercy Health Clinic	150,000	
Montgomery Village Amphitheater	100,000	
Odd Fellows Hall	100,000	
Old Blair Auditorium	600,000	
Olde Towne Gaithersubrg Youth Center	400,000	
Olney Theatre Center Campus	750,000	
Pyramid Atlantic	100,000	
Red Wiggler Community Farm	150,000	
Rockville Arts Place	200,000	
Rockville Community Baseball Stadium	25,000	
Rockville Town Center	1,500,000	
Sandy Spring Museum Library and Archives	75,000	
Seneca Schoolhouse Museum	100,000	
Strathmore Hall	750,000	
Takoma Park Community Learning Center	350,000	
Treatment and Learning Centers, Inc.	200,000	
Environment and Natural Resources		3,317,000
Blue Plains WWTP nutrient removal	1,038,000	
Seneca WWTP nutrient removal	1,500,000	
Carnation Drive / I - 270 stormwater management	352,000	
Olney Oaks stormwater pond retrofit	91,000	
Spruell Drive / Joseph's Branch stream restoration	176,000	
Seneca Creek State Park safety improvements	160,000	
Mental Health and Developmental Disabilities		2,785,000
CHI Centers, Inc.	346,000	
Community Services for Autistic Adults and Children (CSAAC), Inc.	750,000	
Housing Unlimited, Inc.	1,050,000	
Jewish Social Service Agency	639,000	
Montgomery County Detention Center	5,189,000	
National Center for Children and Families	<u>684,000</u>	
TOTAL		<u>108,691,000</u>